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TO RUEHC/SECSTATE WASHDC PRIORITY 1370
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 4174
RUEHBJ/AMEMBASSY BEIJING 1986
RUEHKO/AMEMBASSY TOKYO 1851
RUEHIT/AMCONSUL ISTANBUL 2422
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHMFISS/CDR USCENCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2790

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001079

SIPDIS

STATE FOR SCA/CEN, EEB
COMMERCE FOR STARKS

E.O. 12958: DECL: 08/18/2018
TAGS: [PGOV](#) [PREL](#) [EAIR](#) [EIND](#) [TX](#)
SUBJECT: BOEING FACING CHALLENGES FROM BOMBARDIER AND
AIRBUS IN TURKMENISTAN

REF: ASHGABAT 886

Classified By: Charge d'Affaires Sylvia Reed Curran for reasons 1.4 (B)
and (D).

11. (C) SUMMARY: In promoting its business relationship with the Government of Turkmenistan since independence, Boeing Corporation has provided many services -- some free of charge -- in order to help Turkmenistan and to promote customer loyalty. Until recently, this strategy worked well. However, a Turkish broker introduced Airbus to Turkmenistan Airlines executives and brokered the recent deal for two Bombardier Challenger executive jets. Boeing is at a loss as to why its previously very secure relationship with Turkmenistan is heading south and asked post to intervene. One of Boeing's top sales executives came to Ashgabat for meetings and finally met with the deputy chairman of Turkmenistan Airlines late on Friday, after waiting several days for an appointment. Meanwhile, on every other visit, he met with the chairman. A Turkmenistan that is increasing open to the world is also increasingly open to multiple business partners. Post will raise Boeing's plight with authorities. END SUMMARY.

BOEING WORKED HARD FOR LOYALTY IN TURKMENISTAN

12. (C) A top Boeing Corporation sales executive (please protect) told the Charge on August 15 that, up to now, Boeing has easily completed transactions with Turkmenistan because of the government's loyalty to the company. Boeing has provided many services to Turkmenistan's aviation industry since independence in 1992 -- many more than anywhere else in the world -- and this helped to strengthen the relationship. In return, Turkmenistan exempted Boeing from taxes and gave the company other privileges.

13. (C) Boeing works closely with Gore Design, a company that provides executive interior design for most of Central Asia's presidential airplanes. Gore has also provided excellent service to Turkmenistan, including repairing an entertainment system inadvertently left on in the heat in one of President Berdimuhamedov's planes.

TURKISH BROKER BROUGHT IN AIRBUS AND BOMBARDIER

14. (C) However, a Turkish broker named Baysal recently introduced Airbus executives to Turkmenistan Airlines and also brokered the deal for two Bombardier Challenger (a Canadian company) executive jets that Neytralniy Turkmenistan reported on August 15. Also according to the executive, Air France has initiated a feasibility study on aviation technology, although Boeing already completed this study. The executive was concerned about what this meant in terms of Boeing's relationship with Turkmenistan Airlines and asked post to intervene. The executive said that he had always been able to meet with the chairman of Turkmenistan Airlines, but had not yet met with the chairman at the time of this meeting. He also said that an engineer who recently came to Turkmenistan had also failed to meet with the chairman, and viewed this as a negative sign. The executive said that he told a Turkmenistan Airlines official that he didn't know what Boeing had done wrong, if anything, but wanted to know if there were problems so that the company could resolve them.

ALLEGATIONS OF SAFETY HAZARDS DUE TO PROBLEMS AT CUSTOMS, OTHER INEFFICIENCIES

15. (C) This executive said that he would not fly on Turkmenistan Airlines because some planes are flying past the usual inspection due date, calling into question the structural integrity of the aircraft. He echoed previous reports from local Boeing employees that spare parts sit in

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Customs for many months. He also lamented the fact that registration of contracts is significantly more difficult, which other foreign companies have said is the case as well (reftel). Current procedures stipulate that 18 entities -- as opposed to five or six that were required previously -- must now authorize contracts, in Russian, Turkmen, and English.

16. (C) COMMENT: Boeing was favored for many years because the company initiated a relationship with former president Niyazov soon after independence, and because Niyazov liked Boeing. Various companies have alleged that Berdimuhamedov does not have or take the time Niyazov did for business contracts, and many companies now find themselves waiting interminably long periods for the government to approve contracts. A Turkmenistan that is increasingly open to the world is also open to other business partners, and this is creating increased competition. The most visible of Niyazov's old favorites, Group Chalik, lost most of its favor, and there are rumors that the government will get rid of French construction company Bouygues as soon as it can, as well. Post will raise Boeing's plight with authorities. END COMMENT.
CURRAN